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Corporate Secretary's Office
Rangeland Resources Ltd.
3-16 Dundas Building
Edmonton, Alberta T6C 2P6

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A N N U A L

R E P O R T



COMPANY PROFILE

Rangeland Resources Ltd. is a junior Canadian resource company listed on the Alberta Stock Exchange under the trading symbol "RLD".

The Company specializes in the development of new concepts for exploration drilling and forms joint ventures with industry partners to explore for new resources of oil and gas on these exploration prospects.

The Company is dedicated to increasing the asset value of the Company shares through environmentally responsible exploration for oil and gas reserves utilizing the experience and technical expertise of our employees, partners and consultants.

Management and directors hold a majority interest in the outstanding shares of the Company, and are committed to increasing the asset value per share.



	1995	1994
	\$ 2,509,016	\$ 2,172,910
Operations	1,644,134	1,552,611
ure	0.276	0.269
	793,489	504,255
are	\$ 0.133	\$ 0.088
Shares	5,963,673	5,779,373

REHOLDERS

Results for the fiscal year ended August 31, 1995 show another Company growth. Revenues gained 15.5% to \$2,509,016 from \$2,172,910 the the resulting cash flow increased 5.9% to \$1,644,134 or \$0.276 per share. Net ed an appreciable gain of 57.4% to \$793,489 or \$0.133 per share from \$504,255 last year.

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ANNUAL MEETING

The Annual Meeting of the Shareholders of Rangeland Resources Ltd. will be held in the "Black Gold D Room", Sandman Hotel, 888 - 7th Avenue S.W., Calgary, Alberta, on December 20, 1995 at 3:00 p.m.

COMP

HIGHLIGHTS

	1995	1994
Net Revenue	\$ 2,509,016	\$ 2,172,910
Cash Flow From Operations	1,644,134	1,552,611
Cash Flow Per Share	0.276	0.269
Net Income	793,489	504,255
Net Income Per Share	\$ 0.133	\$ 0.088
Number of Issued Shares	5,963,673	5,779,373

REPORT TO THE SHAREHOLDERS

Results for the fiscal year ended August 31, 1995 show another year of significant Company growth. Revenues gained 15.5% to \$2,509,016 from \$2,172,910 the previous year, and the resulting cash flow increased 5.9% to \$1,644,134 or \$0.276 per share. Net income also showed an appreciable gain of 57.4% to \$793,489 or \$0.133 per share from \$504,255 or \$0.087 per share last year.

Participation in the drilling of 11 wells during the year resulted in 3 oil completions, 5 gas completions and 3 dry holes. Six of these wells were operated by Rangeland as a result of retaining a minimum of 35% working interest in these projects.

Production declined from the September 1994 levels due to a significant drop in the oil volumes from our Antler discovery well, and as a result of the sale of oil production from the David pool. The David property accounted for over 25% of the Rangeland production, but only 10% of the Company reserves.

Subsequent additions to production, primarily in the Haynes area, raised the daily barrel of oil equivalent to 498 (BOE) as of July 1995, but these production volumes will be constrained pending approval of submissions to the AEUB for regulatory changes which currently place severe restrictions on the production capacity of the new wells.

The tie in of additional shut in gas at Barrhead provided some additional volumes to our net production, but did not result in revenue gains, as gas prices remain significantly below the levels of the prior year.

Oil prices during the year averaged about 10% below the average of the previous five years, but the excessive drilling of gas wells by many companies over the past few years has produced a large surplus of supply which resulted in declines of more than 30% in the price of natural gas. The depressed prices for natural gas have tended to reduce the drilling activity, with the result that natural gas prices should recover over the next two years.

Oil prices will continue to remain under pressure from increased North Sea production and the continuing expectation of Iraqi oil returning to world markets. Increased consumption by developing countries will absorb most of the incremental production during the next two years, after which significant price increases can be anticipated.

COMPANY OUTLOOK

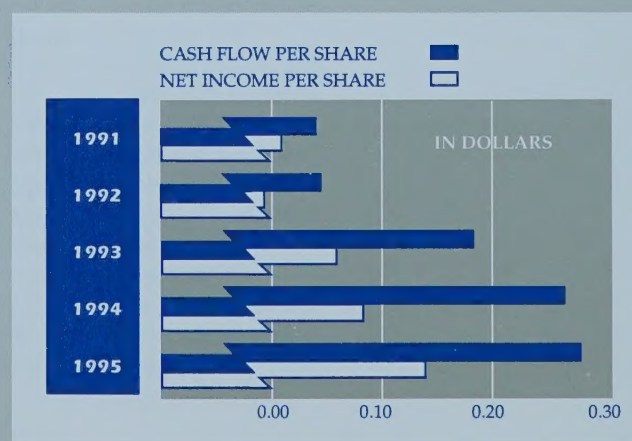
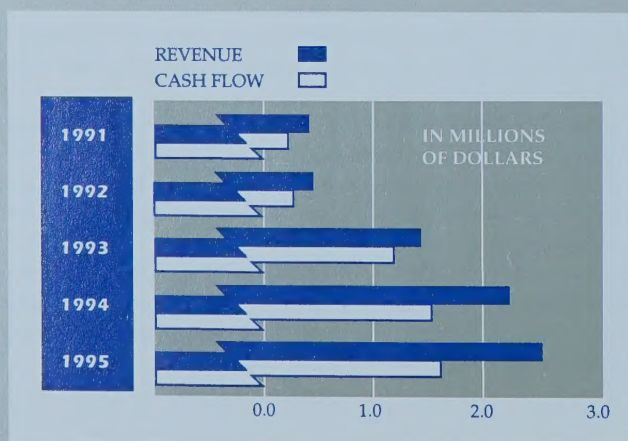
Rangeland will continue to emphasize the development of oil prospects as the primary source of revenue growth, but will research potential gas property acquisitions to provide for the development of gas reserves to meet the expected demand later in the decade.

The primary business of the Company is exploration for new reserves of oil and gas, and the employees, consultants and associates of the Company have demonstrated the ability to continually develop prospects which will increase the assets and cash flow without resorting to additional equity financing.

The five year histories of revenues, cash flow, and earnings graphically display that average growth in excess of 50% per year has been achieved solely from investment of Company cash flow. Past performance does not guarantee future results, but with no debt and record levels of cash flow, the potential exists to continue to grow from future exploration opportunities.

Share prices of most of the smaller oil companies declined drastically during the past year, primarily due to the failure of many new junior companies to meet their optimistic projections of production and revenues. As a result of this general industry trend, the Rangeland shares have traded at considerably lower prices. The Board of Directors responded to the shares trading below asset value by making a Normal Course Issuer Bid to stabilize the trading price and to provide liquidity during a depressed market.

The current low trading volumes and prices are partly due to a lack of news which could initiate speculative interest in the Company. The limitations on information regarding drilling activity and projections of production result from the confidential nature of the exploration projects which are the primary business of the Company. As this situation is unlikely to change, future market action will have to result primarily from the recognition of the Company asset value and rate of growth.



RESERVES

Rangeland has directed most of their efforts to increasing the oil reserves of the Company due to the ease of marketability of oil. During the year, new reserves added in the Haynes area outpaced the combined reduction in reserves due to production, the sale of the Provost property, and the reduced reserves at Antler, by over 50%.

The reserves at Haynes were evaluated by Outtrim Szabo Associates Ltd. and the Rangeland net share of these reserves was combined with a reserves report on the balance of the Company properties carried out by RTM Petroleum Consultants Inc.

The total proved plus probable reserves of the Company as of September 1, 1995 on a barrels of oil equivalent (BOE) basis was 1,177,400 barrels. The reserves and present worth values are summarized below:

REMAINING PROVED RESERVES					REMAINING PROVED & PROBABLE RESERVES				
Property	Oil MBBLS	Gas MMCF	NGL MBBLS	Present Worth 15% DCF \$000	Oil MBBLS	Gas MMCF	NGL MBBLS	Present Worth 15% DCF \$000	
Alberta									
Barrhead	0.0	414	0.0	372	0.0	485	0.0	417	
Carstairs	0.2	289	19.7	439	0.4	634	41.0	792	
Giroux	0.0	681	0.0	260	0.0	681	0.0	260	
Haynes	541.0	291	9.6	6,750	767.0	355	14.7	8,809	
Wood R.	46.0	474	1.0	668	61.0	479	1.0	853	
Others	0.0	176	4.3	85	0.0	176	4.3	85	
Saskatchewan									
Antler	7.0	0.0	0.0	32	7.0	0.0	0.0	32	
Total	594.2	2,325	34.6	8,606	835.4	2,810	61.0	11,248	

PROPERTIES

ALBERTA

BARRHEAD Five additional gas wells were drilled during the year in this gas development project. A total of 10 wells have now been tied into the gas plant, and additional wells will be placed on stream to offset future production declines.

CARSTAIRS The original gas well in this area continues to produce at excellent rates but the subsequent wells have not shown the same potential. Three additional Elkton wells were tied in to the compressor station during the year to supplement the existing production.

A planned horizontal well to access the remaining gas reserves from a lower permeability portion of the reservoir has been deferred as a result of the change in ownership of one of the major partners in this project, and the status of this project is currently indefinite.



GIROUX/KAYBOB The majority interest partner in this oil prospect was taken over by a larger oil company and no decision has been reached on their participation in our proposed location. A farmout of their interest will be pursued to attempt to have this prospect drilled this winter, as our substantial acreage interests in this area need to be evaluated.

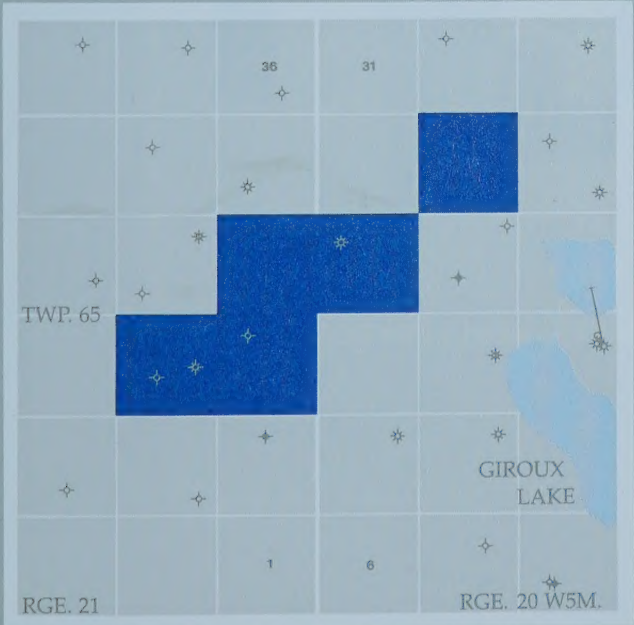
HAYNES The Haynes project was the main focus of the Company efforts over the past twelve months. A vertical and deviated hole on a farmout of lands on the east side of the area encountered the Nisku porosity below the oil/water contact, but a second farmout well drilled structurally higher on the feature found an excellent oil zone which will be tied into the existing facilities and commence production beginning November 1995.

The acquisition of two adjacent wells and leases led to the development of substantial reserves and production potential. The first acquisition, a depleted Leduc oil well, was recompleted in the Nisku and placed on a four month test. The initial flow of sour gas was gradually accompanied by oil production which increased to 130 bopd at the end of the test period. The well is currently shut in until applications for concurrent production of gas and oil have been approved.

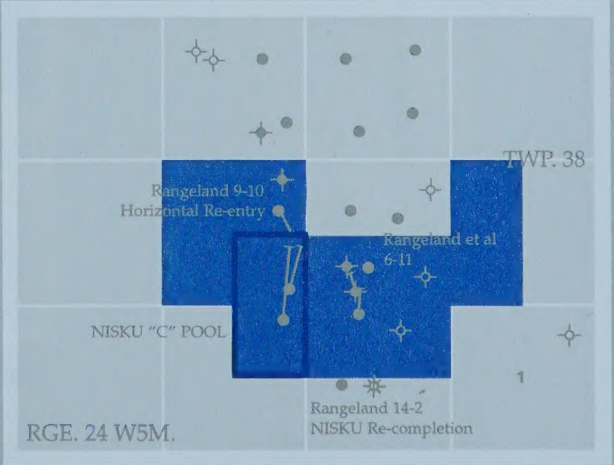
The second acquisition of an essentially depleted Nisku oil well allowed for a horizontal re-entry to access reserves which could not be recovered from the vertical well. The initial prolific flow rates from this horizontal well bore are currently restricted by the allowable in place for the original well, but applications submitted to the AEUB are expected to ultimately allow this well to be produced at optimum rates.

Additional possibilities in this area are being investigated and further drilling in this project is anticipated.

PROVOST This seven well Company operated pool was an excellent revenue source, but recent declines in production required additional infill drilling to maintain production levels, resulting in decreasing returns on investment. An offer to purchase this property at a price in excess of our present worth evaluation provided an opportunity to get off this investment treadmill, and the property was sold as of December 1, 1994.



GIROUX/KAYBOB



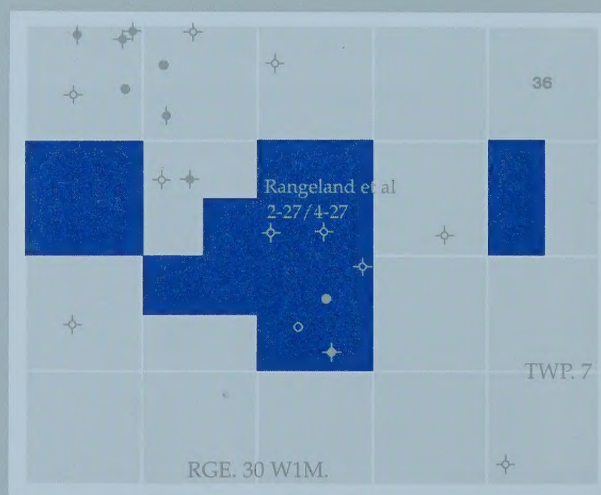
HAYNES

SPOTTED LAKE A Leduc reef test will be drilled to find a possible extension to an old well with thin oil pay in the Leduc which has never been produced. A possible Nisku prospect is also present on these lands where the Company will hold a 37% interest after the drilling of the first test.

SASKATCHEWAN

ANTLER The January 1994 discovery, which flowed light oil in excess of 150 bopd, led to the acquisition of all of the Crown and freehold leases on the broad seismic structure on which the well was located. Two offset wells were subsequently drilled updip from this oil well, but found the formation wet at the same structural level, indicating the oil was confined to a local feature instead of the broad structure.

A direct offset to the oil well was drilled in August and encountered oil saturated reservoir which will be evaluated during the next quarter.



ANTLER

AUDITORS' REPORT

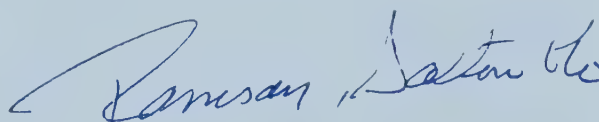
To the Shareholders of
Rangeland Resources Ltd.

We have audited the balance sheets of Rangeland Resources Ltd. as at August 31, 1995 and 1994 and the statements of income and retained earnings and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 1995 and 1994 and the results of its operations and the changes in its cash flow for the years then ended in accordance with generally accepted accounting principles.

Calgary, Alberta
November 7, 1995



Chartered Accountants

BALANCE SHEETS

	<u>August 31, 1995</u>	<u>August 31, 1994</u>
ASSETS - Note 4		
CURRENT ASSETS		
Cash and term deposits	\$ 468,225	\$ 188
Accounts receivable	2,090,121	690,046
Income taxes receivable	14,299	-
Prepaid expenses	16,622	18,742
	<u>2,589,267</u>	<u>708,976</u>
PROPERTY AND EQUIPMENT - Notes 3 and 7	<u>2,923,168</u>	<u>2,764,208</u>
	<u><u>\$ 5,512,435</u></u>	<u><u>\$ 3,473,184</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank indebtedness - Note 4	\$ -	\$ 481,392
Accounts payable - Note 7	1,800,490	353,273
	<u>1,800,490</u>	<u>834,665</u>
SITE RESTORATION AND ABANDONMENT	<u>116,275</u>	<u>106,275</u>
DEFERRED INCOME TAXES	<u>622,763</u>	<u>366,763</u>
	<u><u>2,539,528</u></u>	<u><u>1,307,703</u></u>
SHAREHOLDERS' EQUITY		
Share capital - Note 5	921,893	874,793
Contributed surplus - Note 5	24,221	57,384
Retained earnings	2,026,793	1,233,304
	<u>2,972,907</u>	<u>2,165,481</u>
	<u><u>\$ 5,512,435</u></u>	<u><u>\$ 3,473,184</u></u>

APPROVED BY THE BOARD


Director



Director

See accompanying notes

STATEMENTS OF INCOME AND RETAINED EARNINGS

	Year ended August 31, 1995	Year ended August 31, 1994
REVENUE		
Oil and gas sales, net of royalties	\$2,284,756	\$2,024,520
Alberta royalty tax credit	180,319	148,390
Interest	43,941	-
	<u>2,509,016</u>	<u>2,172,910</u>
EXPENSES		
Depreciation and depletion	584,645	852,133
Production	466,463	362,767
General and administrative, net of recoveries	335,419	252,369
Site restoration and abandonment	10,000	54,200
	<u>1,396,527</u>	<u>1,521,469</u>
Income from operations	1,112,489	651,441
RECOVERY OF PRIOR YEARS' LOSSES IN SUBSIDIARY - Note 7		
Income before income taxes	-	19,814
	<u>1,112,489</u>	<u>671,255</u>
INCOME TAXES - Note 6		
Current	63,000	10,000
Deferred	256,000	157,000
	<u>319,000</u>	<u>167,000</u>
Net income	793,489	504,255
RETAINED EARNINGS, beginning of period	1,233,304	729,049
RETAINED EARNINGS, end of period	\$2,026,793	\$1,233,304
NET INCOME PER SHARE	\$.14	\$.09
NET INCOME PER SHARE, fully diluted	\$.13	\$.09
See accompanying notes		

STATEMENTS OF CASH FLOW

	Year ended August 31, 1995	Year ended August 31, 1994
OPERATIONS		
Net income	\$ 793,489	\$ 504,255
Add (deduct) items not involving cash:		
Depreciation and depletion	584,645	852,133
Site restoration and abandonment	10,000	54,200
Deferred income taxes	256,000	157,000
Foreign exchange adjustment	-	(14,977)
Cash flow from operations	<u>1,644,134</u>	<u>1,552,611</u>
FINANCING ACTIVITIES		
Bank indebtedness	(481,392)	247,517
Issuances of share capital (net of repurchases)	13,937	17,000
Change in non-cash working capital	34,963	(316,829)
	<u>(432,492)</u>	<u>(52,312)</u>
INVESTING ACTIVITIES		
Additions to property and equipment	(1,753,605)	(1,502,869)
Proceeds on sale of oil and gas property and equipment	1,010,000	-
	<u>(743,605)</u>	<u>(1,502,869)</u>
Increase (decrease) in cash	468,037	(2,570)
CASH, beginning of period	188	2,758
CASH, end of period	<u>\$ 468,225</u>	<u>\$ 188</u>
CASH IS COMPRISED OF:		
Cash	\$ 136,212	\$ 188
Term deposits	332,013	-
	<u>\$ 468,225</u>	<u>\$ 188</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

August 31, 1995 and 1994

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Rangeland Resources Ltd. (Rangeland) is incorporated in Alberta and is engaged in oil and gas exploration and production.

NOTE 2 - ACCOUNTING POLICIES

Significant accounting policies are summarized as follows:

(A) Oil and Gas Properties

Rangeland follows the full cost method of accounting whereby all costs of exploring for and development of oil and gas reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expenditures, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells and overhead expenses related to exploration activities. These costs are limited to an amount equal to the estimated future net revenues from proven reserves based on current prices and costs, plus the lower of cost and estimated fair value of unproven properties, less future general and administrative expenses, financing costs, income taxes and site restoration and abandonment costs. Where capitalized costs exceed this ceiling amount, this excess is written off as an extra charge to depletion.

Proceeds from the disposition of petroleum and natural gas properties and equipment are accounted for as a reduction in capitalized costs with no gain or loss recognized unless such disposition would alter the depreciation and depletion rate greater than 20%.

Costs are amortized using the unit of production method based upon estimated proven developed reserves derived from reports prepared by independent consultants and by management.

A provision for future site restoration and abandonment costs is accrued by a charge against income using the unit of production method.

(B) Joint Ventures

Substantially all the exploration and development activities related to oil and gas are conducted jointly with others. These financial statements reflect only Rangeland's proportionate interest in such activities.

(C) Depreciation

Equipment and furniture are recorded at cost and depreciation is provided using the declining balance method at the rates shown in Note 3.

(D) Net income per share

Net income per share has been calculated using the weighted average number of shares outstanding. Fully diluted is calculated as if all stock options and warrants were exercised at the beginning of the year.

(E) Comparative Figures

Certain prior year comparative figures have been restated to conform with the current year's presentation.

NOTE 3 - PROPERTY AND EQUIPMENT**August 31, 1995**

	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation & Depletion</u>	<u>Net Book Value</u>
Oil and gas properties		\$4,177,155	\$1,819,208	\$2,357,947
Well equipment	30%	1,298,096	741,260	556,836
Furniture and office equipment	20%	24,998	16,613	8,385
		<u>\$5,500,249</u>	<u>\$2,577,081</u>	<u>\$2,923,168</u>

August 31, 1994

	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation & Depletion</u>	<u>Net Book Value</u>
Oil and gas properties		\$3,538,347	\$1,475,208	\$2,063,139
Well equipment	30%	1,196,354	502,711	693,643
Furniture and office equipment	20%	21,943	14,517	7,426
		<u>\$4,756,644</u>	<u>\$1,992,436</u>	<u>\$2,764,208</u>

NOTE 4 - BANK INDEBTEDNESS

Rangeland has an overdraft lending agreement with a maximum amount of \$1,250,000. Amounts drawn pursuant to this agreement are repayable on demand, bear interest at the bank's prime interest rate for Canadian dollar commercial loans plus 1% and are secured by a general security agreement and a \$1,000,000 debenture which provides a first fixed charge over Rangeland's Wood River property and a first floating charge over the remainder of Rangeland's assets.

NOTE 5 - SHARE CAPITAL

Authorized:

Unlimited number of Common voting shares with no par value

Issued:

	<u>Number of Shares</u>	<u>Amount</u>
August 31, 1993	5,709,373	\$ 857,793
Issued through conversion of stock options	<u>70,000</u>	<u>17,000</u>
August 31, 1994	5,779,373	874,793
Issued through conversion of stock options	220,000	52,500
Shares repurchased	<u>(35,700)</u>	<u>(5,400)</u>
August 31, 1995	<u>5,963,673</u>	<u>\$ 921,893</u>

The Board of Directors may issue directors, consultants and employees stock options of up to 10% of the issued and outstanding shares on such terms and conditions as they deem appropriate, pursuant to the terms of the Company's share option plans, subject to compliance with the rules of the Alberta Stock Exchange.

The following stock options have been issued and remain outstanding at August 31, 1995:

- a) To an employee, an option to purchase 100,000 common shares pursuant to a share option plan at \$0.30 per share in allotments of 20,000 common shares per year and a further option to purchase 90,000 common shares at \$0.20 per share in allotments of 20,000 per year. The options to purchase at \$0.30 per share were exercised subsequent to year end. The options to purchase at \$0.20 expire in 1996.
- b) To an employee, an option to purchase 20,000 common shares pursuant to a share option plan at \$0.70 per share until 1997.
- c) To a consultant, an option to purchase 55,000 shares pursuant to a share option plan at \$1.25 until 1998.
- d) To non-employee directors, options to purchase 150,000 common shares consisting of 30,000 shares each year at \$1.25 until 2000.

During 1995 options to purchase 170,000 common shares (1994 - 60,000) at \$0.25 per share and options to purchase 50,000 common shares (1994 - 10,000) at \$0.20 were exercised.

Pursuant to regulatory approval, Rangeland repurchased 35,700 of its common shares on the open market from February 17, 1995 to August 31, 1995. The excess of the repurchase price of \$38,563 over the average issuance price has been charged to contributed surplus.

NOTE 6 - INCOME TAXES

The provision for income taxes differs from the amount that would have resulted had the combined federal and provincial rate of 44.3% been applied to net income:

	August 31, 1995		August 31, 1994	
	Amount	%	Amount	%
Expected income tax expense	\$ 489,000	44.3	\$ 297,500	44.3
Resource allowance	(205,000)	(18.5)	(175,800)	(26.2)
Alberta royalty tax credit	(80,000)	(7.2)	(65,900)	(9.8)
Non-deductible site restoration and abandonment	4,000	0.1	24,000	3.6
Non-deductible crown royalties	111,000	10.1	90,200	13.4
Other	-	-	(3,000)	(0.4)
	\$ 319,000	28.8	\$ 167,000	24.9
Current	\$ 63,000		\$ 10,000	
Deferred	256,000		157,000	
	\$ 319,000		\$ 167,000	
Balance in resource tax pools at August 31, 1995:				
Cumulative Canadian Development Expense	\$ 422,000			
Undepreciated Capital Costs	\$ 840,000			

NOTE 7 - RELATED PARTY TRANSACTIONS

Included in accounts payable is \$300,000 due to a director who sold his working interest in certain oil and gas properties to Rangeland at fair market value as established by an independent oil and gas consulting firm. This amount was paid subsequent to year end.

During the August 31, 1994 year end, the wholly owned subsidiary, Rangeland Resources Inc., was sold at fair market value to a company owned by a shareholder.

CORPORATE INFORMATION

HEAD OFFICE

#1840, 840 - 7th Avenue S.W.
Calgary, Alberta
T2P 3G2
Telephone: (403) 269-3000
Fax: (403) 263-0303

DIRECTORS

E. A. (Ted) Horne
Calgary, Alberta

R. C. Bennett
Calgary, Alberta

Harvey A. Trimble
Okotoks, Alberta

* Roger Bethell
Calgary, Alberta

* David G. Smith
Priddis, Alberta

Terrence J. Hopwood
Calgary, Alberta

**Members of the audit committee*

OFFICERS

President
E. A. (Ted) Horne

VP Exploration
R. C. Bennett

Secretary
Gregory R. Harris

SOLICITOR

Gregory R. Harris
Barrister & Solicitor
Calgary, Alberta

AUDITOR

Ramsay, Dalton & Co.
Chartered Accountants
Calgary, Alberta

BANK

Canadian Imperial Bank of Commerce
Calgary, Alberta

EXCHANGE LISTING

Alberta Stock Exchange — Symbol "RLD"



1995
ANNUAL
REPORT